

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

DTE 1-1 Please refer to 2001 Performance Incentive Reconciliation at I-3, footnote 3. Please provide work papers showing the calculations used to derive the product of the average three-month United States Treasury bills used in the Company's 2001 performance incentive.

RESPONSE: The average three-month United States Treasury bill rate of 3.48% used in FG&E's 2001 performance incentive calculation was taken directly from the Federal Reserve Bank's website, www.federalreserve.gov/releases/h15/data/a/tcm3m.txt. No separate calculations were required or performed by the Company to derive this value.

Exhibit DTE 1-1 provides a reprint of the website, which shows the annual average yields for U.S. constant maturity, three-month treasury bills for the period 1982 through 2002. The 2001 rate of 3.48% appears near the bottom of the list.

PERSON RESPONSIBLE: Deborah Jarvis (Unitil / FG&E)/Scott Albert (GDS Associates)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

DTE 1-2 Please refer to 2001 Performance Incentive Reconciliation, Exhibit 2 Supporting Documentation. Provide supporting documentation for each metric and incentive level achieved. Mark the supporting documentation with (a) the year 2001, and (b) the name of the relevant program (e.g., ES Appliance 2, ES Lighting 1, etc.).

RESPONSE: Exhibit DTE 1-2 A, provides copies of all supporting documentation for the 2001 **residential** metrics and achieved incentive levels.

Exhibit DTE 1-2 B, provides copies of all supporting documentation for the 2001 **commercial & industrial** metrics and achieved incentive levels.

Within each Exhibit, documentation is separately labeled as follows:

Residential Metrics:

Residential 2001 – Energy Star Homes 1, 2 and 3
Residential 2001 – Energy Star Homes 4
Residential 2001 – Energy Star Appliances 1
Residential 2001 – Energy Star Appliances 2
Residential 2001 – Energy Star Appliances 3
Residential 2001 – Energy Star Lighting 1
Residential 2001 – Energy Star Lighting 2
Residential 2001 – Residential Efficiency Program 1
Residential 2001 – Residential Conservation Services 1A
Residential 2001 – Residential Conservation Services 1B
Residential 2001 – Trade-In 1 and 2 – N/A – no metric achievement claimed
Residential 2001 – Efficient Residential Program Delivery 1
Residential 2001 – Low Income 1
Residential 2001 – Low Income 2
Residential 2001 – Low Income 3

Commercial & Industrial Metrics

C&I 2001 – Small C&I 1 and Comprehensive Efficiency Program 1
C&I 2001 – Small C&I 2
C&I 2001 – Motors 1 and 2
C&I 2001 – HVAC 1 and 2
C&I 2001 – DesignLights 1 and 2
C&I 2001 – Codes 1

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

C&I 2001 – O&M 1 and 2

C&I 2001 – Efficient C&I Program Delivery 1

PERSON RESPONSIBLE: Deborah Jarvis (Unitil / FG&E)/Scott Albert (GDS Associates),

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

DTE 1-3 Please refer to Attachment B-1 of the settlement agreement approved in Fitchburg Gas and Electric Light Company, D.T.E. 98-48/49 Phase II (2001). Explain in detail how the bundled regional metric method works. Explain if eligibility for receiving exemplary performance is conditioned on achievement of each the seven metrics listed in note 4 of Attachment B-1. Also explain if exemplary performance is achieved because each of the seven metrics has met the threshold or design performance levels.

RESPONSE: Each of the seven metrics listed in Footnote 4 of Attachment B1 of the settlement in D.T.E. 98 - 48/49 did not include exemplary-level metrics. Therefore, the Overall Exemplary Performance was designed to provide the Company with the opportunity to earn an exemplary-level incentive for achieving design-level for all seven metrics. By doing so, FG&E could earn 125% of the design-level incentives for all seven metrics combined. If any one of the design-level metric was not reach, FG&E would not be eligible for exemplary on any.

PERSON RESPONSIBLE: Deborah Jarvis (Unitil / FG&E)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

DTE 1-4 Please refer to Exhibit 1. Explain what is meant by the terms “statewide” and “co-specific.”

RESPONSE: “Statewide” metrics are those with outcomes that are dependent on all of the Massachusetts investor-owned electric utilities together. For instance, the design-level for the 2001 ES Homes 1 required utilities to attain a market share of 18.5% of new homes built across the state, not necessarily within a specific service territory.

“Co-specific” metrics are those with outcomes dependent on FG&E only. For example, the design-level metric for the 2001 ES Lighting 1 required FG&E to provide rebates for 450 fixtures to customers within its service territory.

PERSON RESPONSIBLE: Deborah Jarvis (Unitil / FG&E)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

DTE 1-5 Please refer to Exhibit 1 and to Attachment B-1 of the settlement agreement approved in Fitchburg Gas and Electric Light Company, D.T.E. 98-48/49 Phase II (2001). Earnings amounts shown in Appendix B differ from those shown in Exhibit 1. Provide a detailed explanation for this difference.

RESPONSE: The earnings amounts shown in Appendix B of the settlement agreement in D.T.E. 98-48/49 were estimated based on budgeted program expenditures and an estimated yield on the 3-month U.S. Treasury bill.

Earnings amounts shown Exhibit 1 of FG&E's 2001 Performance Incentive reconciliation were calculated based on actual program expenditures and the actual average yield on the 3-month U.S. Treasury bill.

The details of the calculations are provided below.

| Basis for 2001 Performance Incentive Calculation | 2001 Proposed (Appendix B) | 2001 Actual (Exhibit 1) |
|--|---------------------------------------|------------------------------------|
| Program Expenses | \$1,613,000 | \$1,399,418 |
| 3-Mo. U.S. T-Bill Rate (before tax) | 8.21% | 5.65%* |
| Performance Incentive | \$132,417 | \$79,033 |
| *After tax rate of 3.48% [3-Mo. U.S. T-Bill Rate] ÷ (1 - 38.38%) [FG&E's effective tax rate] | | |

PERSON RESPONSIBLE: Deborah Jarvis (Unitil / FG&E)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

DTE 1-6 Please refer to Attachment B-1, at 6 of the settlement agreement approved in Fitchburg Gas and Electric Light Company, D.T.E. 98-48/49 Phase II (2001). Explain what is meant by the term “pre-approve” with respect to small commercial & industrial 1 and CEP 1. Explain in detail what is done, and by whom, to constitute pre-approval.

RESPONSE: All projects completed under the Company’s Small Commercial and Industrial and Comprehensive Efficiency programs must be reviewed and approved by Company staff, and a commitment letter issued prior to beginning any work.

Participants may elect to use their own in-house technical staff, 3rd party contractors or FG&E personnel to perform site visits, collect equipment and energy data, identify efficiency opportunities, perform analyses and provide project recommendations and specifications. FG&E’s program administrator reviews the specifications for each project, determines the cost-effectiveness and appropriate rebate level, and issues a commitment letter to the customer authorizing work to begin.

Within the context of 2001 SC&I1 and CEP1 metrics, the parties to the settlement agreed that savings associated with projects for which FG&E had issued commitment letters could be counted towards achievement of these metric even if the project had not been completed prior to the end of the year. Since all projects were completed before the end of 2001, this was not an issue.

PERSON RESPONSIBLE: Deborah Jarvis (Unitil / FG&E)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

DTE 1-7 Please refer to 2002 Performance Incentive Reconciliation, Exhibit 2. Provide supporting documentation for each metric and incentive level achieved. Mark the supporting documentation with (a) the year 2002, and (b) the name of the relevant program (e.g., Energy Star Homes 1, E-Star Lighting 2, etc.).

RESPONSE: Exhibit DTE 1-7 A, provides copies of all supporting documentation for the 2002 **residential** metrics and achieved incentive levels.

Exhibit DTE 1-7 B, provides copies of all supporting documentation for the 2002 **commercial & industrial** metrics and achieved incentive levels.

Within each Exhibit, documentation is separately labeled as follows:

Residential Metrics:

Residential 2002 – Energy Star Homes 1A
Residential 2002 – Energy Star Homes 1B
Residential 2002 – Energy Star Homes 2
Residential 2002 – Energy Star Homes 3
Residential 2002 – Energy Star Homes 4
Residential 2002 – Energy Star Lighting 1 and 2
Residential 2002 – Energy Star Lighting 3
Residential 2002 – Energy Star Lighting 4
Residential 2002 – Energy Star Appliances 1 & 2
Residential 2002 – Energy Star Appliances 3
Residential 2002 – Energy Star Appliances 4
Residential 2002 – Residential Conservation Services 1A
Residential 2002 – Residential Conservation Services 1B
Residential 2002 – Residential Conservation Services 2
Residential 2002 – Residential Conservation Services 3
Residential 2002 – Residential Efficiency Program 1 – N/A – none claimed
Residential 2002 – Trade-In 1
Residential 2002 – Trade-In 2 – N/A – no metric achievement claimed
Residential 2002 – Efficient Residential Program Delivery 1
Residential 2002 – Low Income 1
Residential 2002 – Low Income 2

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

Commercial & Industrial Metrics

C&I 2002 – Small C&I 1 and Comprehensive Efficiency Program 1

C&I 2002 – Motors 1

C&I 2002 – Motors 2

C&I 2002 – HVAC 1 and 2

C&I 2002 – DesignLights 1

C&I 2002 – O&M 1 and 2

C&I 2002 – Compressed Air 1 and 2

C&I 2002 – Efficient C&I Program Delivery 1

PERSON RESPONSIBLE: Deborah Jarvis (Unitil / FG&E) / Scott Albert (GDS Associates, Inc.)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 03-26

**FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

DTE 1-8 Please refer to 2002 Performance Incentive Reconciliation, Exhibit 1. Explain what is meant by the term “pre-approve” with respect to small commercial & industrial 1 and CEP 1. Explain in detail what is done, and by whom, to constitute pre-approval.

RESPONSE: Please see the Company’s response to D.T.E. 1-6.

PERSON RESPONSIBLE: Deborah Jarvis (Unitil / FG&E)